

AMENDED IN SENATE MARCH 30, 2011

SENATE BILL

No. 497

Introduced by Senator Rubio
(Principal coauthor: Senator Hancock)
(Coauthor: Assembly Member Solorio)

February 17, 2011

An act to add Article 7 (commencing with Section 10390) to Chapter 2 of Part 2 of Division 2 of the Public Contract Code, relating to public contracts.

LEGISLATIVE COUNSEL'S DIGEST

SB 497, as amended, Rubio. Public contracts: *state agencies*: bid preferences.

Existing law imposes various requirements with respect to contracting by state agencies.

This bill would require a state agency that accepts bids or proposals for a contract for ~~supplies, materials, or equipment~~ *goods* to provide a preference of ~~5 percent~~ 5% to a California business meeting specified criteria. The bill would also require the Department of General Services to establish a process to verify that a business meets the criteria for the ~~5-percent~~ 5% preference.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

1 (a) California faces the most severe economic downturn since
2 the Great Depression. Over two million Californians are out of
3 work and California's unemployment rate is one of the highest in
4 the nation.

5 (b) At a time of scarce state resources, state contracts should be
6 used to stimulate our state economy and put people back to work.

7 (c) The purpose of this act is to revive local communities by
8 creating new jobs and stimulating the economy.

9 SEC. 2. Article 7 (commencing with Section 10390) is added
10 to Chapter 2 of Part 2 of Division 2 of the Public Contract Code,
11 to read:

12
13 Article 7. Preference for Businesses that Employ State Residents
14

15 10390. (a) Notwithstanding any other provision, any state
16 agency that accepts bids or proposals for a contract for ~~supplies,~~
17 ~~materials, or equipment~~ *goods* shall provide a preference of 5
18 percent to a California business, as defined in subdivision (b). The
19 preference shall be provided as follows:

20 (1) For solicitations to be awarded to the lowest responsible
21 bidder meeting specifications, the preference to a California
22 business shall be 5 percent of the bid price of the lowest responsible
23 bidder meeting specifications.

24 (2) For solicitations to be awarded to the highest scored bidder
25 based on evaluation factors in addition to price, the preference to
26 a California business shall be 5 percent of the total score of the
27 highest responsible bidder.

28 (3) The preferences awarded pursuant to paragraph (1) or (2)
29 shall not be awarded to a noncompliant bidder and shall not be
30 used to satisfy any applicable minimum requirements.

31 (4) In order to be eligible for the 5-percent preference authorized
32 pursuant to this section, a business shall submit all required
33 substantiating documentation and information needed by the state
34 agency to determine if the business is eligible for the preference.

35 (b) For purposes of this section, "California business" means a
36 sole proprietorship, partnership, joint venture, limited liability
37 company, corporation, or other business entity, that holds any
38 required business license when bids for the public contract were
39 opened, that has its principal place of business in California, that
40 would directly provide the ~~supplies, materials, or equipment,~~ *goods*

1 for the public contract, and that certifies that at least 90 percent of
2 the business's employees performing work on the contract are
3 residents of this state.

4 (c) The Department of General Services shall establish a process
5 to verify that a business meets the criteria for the 5-percent
6 preference.

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